



Office of the Commissioner  
Finance Department

## MEMORANDUM

To: Members of Regional Council

From: Laura Mirabella, Commissioner of Finance and Regional Treasurer

Date: February 23, 2023

Re: Conservation Authorities – Municipal Allocations of Operating Costs

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This memorandum provides information on the allocation of Conservation Authorities' operating costs to York Region and other municipal funding partners. Information is also included on proposed funding for the Conservation Authorities included in the Region's 2023 proposed budget.

### **The *Conservation Authorities Act* grants Conservation Authorities the ability to levy its municipal partners for operating costs**

Under the *Conservation Authorities Act*, Conservation Authorities are mandated to provide natural hazard protection and management, conservation and management of conservation authority lands, protection of drinking water sources under the *Clean Water Act* and have specific responsibilities under the *Lake Simcoe Protection Act*. The Act allows Conservation Authorities to impose a levy on partner municipalities to help support operating costs. The exact value is determined based on a modified Current Value Assessment (CVA) formula outlined in O.Reg. 670/00: Conservation Authority Levies under the *Conservation Authorities Act*. Two conservation authorities fall within York Region's boundaries: Toronto Region Conservation Authority (TRCA) and Lake Simcoe Region Conservation Authority (LSRCA). A map of conservation authority boundaries is included as Appendix 1.

### **Municipal cost shares are based on property values and population that fall within a Conservation Authority's watershed**

The CVA formula used by Conservation Authorities to determine municipal cost shares is based on property values provided by the Ministry of Environment, Conservation and Parks and adjustments as prescribed in regulation. The calculation adds the CVA of all lands within a Conservation Authority's jurisdiction and applies a range of tax ratio factors based on property classes. A municipality's assessment calculation is then weighted according to the area occupied within Conservation Authority's watershed, as well as the population that falls within

this jurisdiction. As a result, the modified CVA share reflects the value of all property within a municipality as well as the population that is within the Conservation Authority's boundaries. This approach allows more to be collected from municipalities with higher growth and reduces the burden on municipalities with lower growth.

The Act and Regulations provide discretion for further adjustments to be included in calculations based on a Conservation Authority's individual needs. For example, certain equity adjustments can be included to take into consideration property tax levels in different municipalities.

### **Lake Simcoe Region Conservation Authority uses the modified CVA formula as outlined in Regulation**

LSRCA's jurisdiction includes 3,400 square kilometers of the Lake Simcoe watershed, which spans 20 municipal borders. LSRCA relies on the modified CVA formula described above which is outlined in the *Conservation Authorities Act* and related regulations.

York Region accounts for the highest share among municipal partners due to higher population falling within the LSRCA watershed and higher property values. For 2023, York Region's municipal operating budget share is \$3.1M, or 65.36%, representing a 2.0% increase in comparison to the 2022 budget.

Since 2019, York Region's CVA share has grown by 1.14%, from 64.22% to 65.36%. Based on CVA shares, the 2023 LSRCA operating costs are apportioned as follows:

**Table 1: LSRCA 2023 Budget CVA Shares for Partner Municipalities**

<b>Partner Municipality</b>	<b>CVA% Share</b>
<b>York Region</b>	<b>65.36%</b>
City of Barrie	16.44%
Durham Region	5.75%
Town of Bradford West Gwillimbury	5.20%
Innisfil	4.53%
Oro-Medonte Township	0.98%
Ramara Township	0.91%
New Tecumseh	0.48%
Kawartha Lakes	0.35%
<b>General Levy Apportionment</b>	<b>100%</b>

### **Toronto and Region Conservation Authority adjusts its CVA calculation to address equity in property taxes across partner municipalities**

TRCA's area of jurisdiction includes 3,467 square kilometers and includes 9 watersheds and their Lake Ontario shorelines. As permitted under the *Conservation Authorities Act*, TRCA presents its funding in a different way than LSRCA by breaking its levy down into four components, including further modification with the addition of a municipal property tax adjustment and non-CVA levy:

- **Matching Levy:** This amount reflects the required CVA operating levy portion that matches funding received by the Province through S.29 Provincial Transfer Payment Grant Funding.
- **Non-Matching Levy:** Additional operating funding required over and above matching funds from the Province and adhering to the CVA formula.
- **Municipal Property Tax Adjustment:** Recognizes that certain partner municipalities charge TRCA property taxes. Rather than use funding from other partner municipalities to pay these fees, the property taxes are added to the municipal levy of the billing municipal partner.
- **Non-CVA Levy:** Operating levy over and above the CVA formula to help manage funding shortfalls in some municipalities.

**Table 2: Breakdown of TRCA Operating Cost Allocation Categories**

TRCA 2023 Operating Cost Allocation (\$000's)						
Municipality	Matching Levy	Non-Matching Levy	Property Tax Adjustment	Non-CVA Levy	CVA% Share	CVA Share in \$
City of Toronto	256.3	10,886.6	5.4	-	62.10%	11,148
<b>York Region</b>	<b>88.3</b>	<b>3,751.7</b>	<b>207.7</b>	<b>-</b>	<b>22.55%</b>	<b>4,048</b>
Peel Region	43.5	1,846.3	89.8	125.2	11.73%	2,105
Durham Region	11.5	491.1	110.2	34.1	3.60%	647
Adjala-Tosorontio	0.25	1.1	-	-	0.01%	1
Township of Mono	0.32	1.4	0.5	-	0.01%	1
<b>Total</b>	<b>399.7</b>	<b>16,978.1</b>	<b>413.7</b>	<b>159.3</b>	<b>100%</b>	<b>17,950</b>

York Region, at 22.55%, is the second highest funder out of the partner municipalities, based on population and property values falling within TRCA's watershed. Since 2019, York Region's CVA share has increased by under 1%. By comparison, Peel Region's CVA share at 11.73% reflects that 46.3% of its population falls within the TRCA watershed, compared to 89.7% for York Region. Similarly, the tax assessment based on properties within the TRCA's jurisdiction for Peel Region is \$167.4 trillion, almost half of York Region's \$340.2 trillion tax assessment within the TRCA jurisdiction.

### **Operating funding for TRCA included in the Region's 2023 proposed budget addresses a CVA funding gap**

The 2023 proposed budget includes \$4.048M for TRCA, representing the Region's 22.55% CVA funding share. The amount is 14.6% above the 2022 funding level and includes \$510K, or 14.4% of the 14.6% increase, to address a funding gap that began in 2020. The gap arose due to the Region's increasing CVA share relative to the funding growth levels for TRCA included in the Region's last multi-year budget. Since 2020, TRCA addressed the gap through a Non-CVA Levy applied to other municipal partners. Prior to 2020, a similar funding gap arose for the City of Toronto, with York and other municipal funding partners covering the shortfall through the Non-CVA Levy.

The Region's proposed 2023 budget rebalances operating funding for TRCA to ensure the CVA share is achieved. While changes in the Region's CVA share are difficult to predict, increases similar to 2023 are not anticipated over the 2024-2026 outlook period. The Region's budget reflects annual funding growth of 2% for 2024-2026.

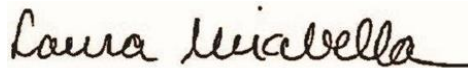
Proposed York Region operating funding amounts for 2023-2026 for LSRCA and TRCA are outlined in Table 3 below. These figures do not include any rate funded or forestry-related funding provided by the Region to both authorities.

**Table 3: Proposed 2023-2026 York Region Operating Funding for LSRCA and TRCA\***

Conservation Authority	2023 Proposed	2024	2025 Outlook	2026
<b>LSRCA</b>	3,131	3,193	3,257	3,323
<i>Annual change</i>	2.1%	2.0%	2.0%	2.0%
<b>TRCA</b>	4,048	4,129	4,211	4,295
<i>Annual change</i>	14.6%	2.0%	2.0%	2.0%

*\*Figures exclude rate funded or forestry funding provided by the Region to both authorities.*

Further information on Conservation Authorities budgets can be found on pages 185-186 of the 2023 Budget Book.



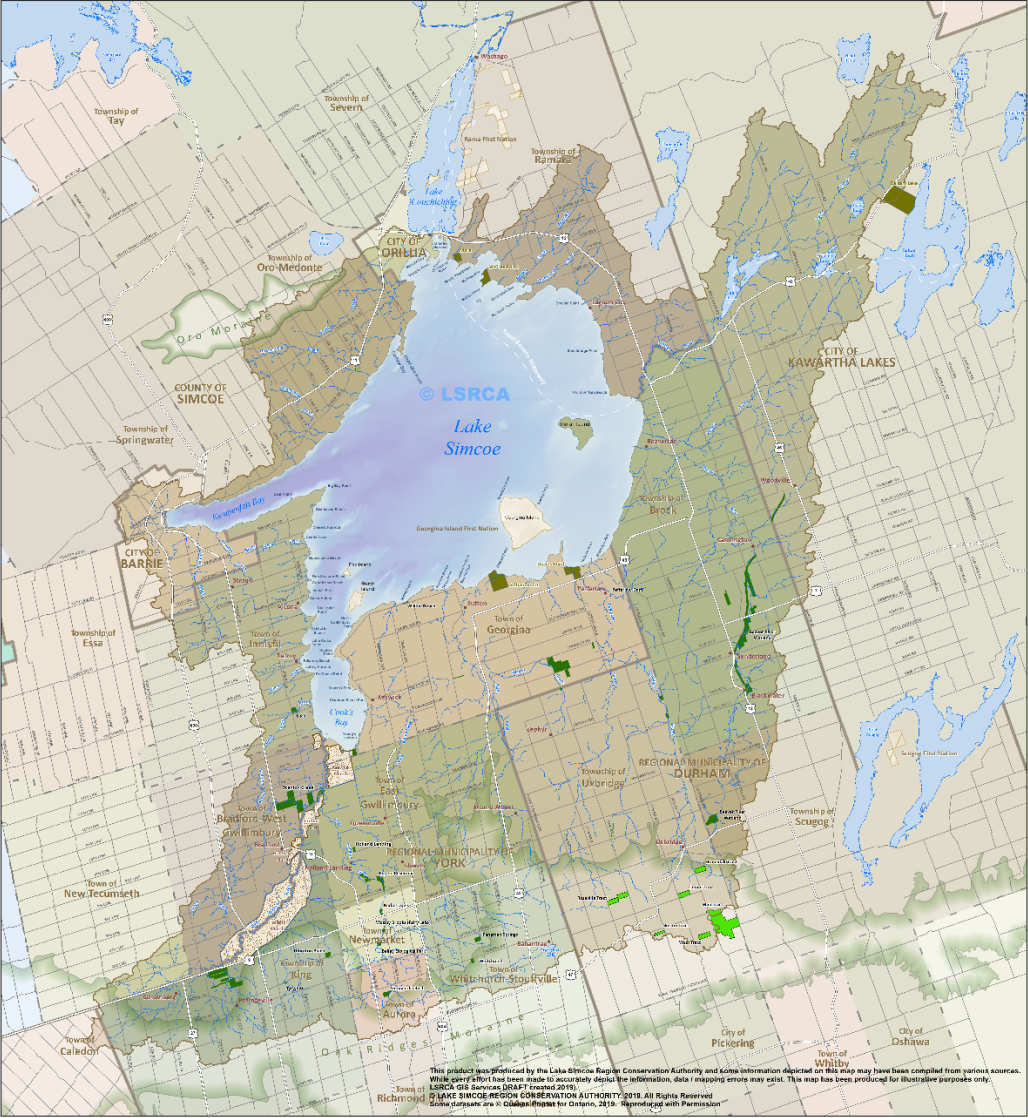
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 Commissioner of Finance and Regional Treasurer



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 Bruce Macgregor  
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 Appendix 1 – LSRCA Watershed Jurisdiction Map  
 Appendix 2 – TRCA Watershed Jurisdiction Map

LSRCA WATERSHED JURISDICTION MAP



TRCA WATERSHED JURISDICTION MAP

